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**Identifying an appropriate strategy to overcome barriers facing hi-tech start-ups in the
Indian Education Sector.**

by

Sunny Gaurav Bharel

2009

A Management project presented in part consideration for the degree of MBA.

Summary

This report aims at arriving at a winning strategy for a start-up hi-tech firm in the Indian Educational Sector. The report is a prelude to a business plan that follows the report and builds upon the inference of this report. For this purpose, both theoretical and practical aspects of start-up businesses have been identified and pitted against each other to obtain an inference.

The report answers why it is lucrative to enter the Indian education market by studying the scenario in the country. It also analyses key theories of start-up firms. Some entrepreneurs have been interviewed and their statements examined. Key business issues, challenges and strategies of these entrepreneurial firms have been looked into.

The report concludes by pairing the results of the literature review or theory with those obtained from practical inference by means of entrepreneurial interviews and combining the best of both worlds, a winning strategy for the start-up firm is introduced towards the end.

Research cites that strategies such as Differentiation, Resource Based View and Dynamic Capability building are key to modern day hi-tech start-up businesses. The Indian education sector is opening up for growth with more than 50% players in the market being private and the government's key focus for the next 5 year plan being education. The added woes of paucity of the number of colleges, lecturers and quality study material is a window of opportunity that can be exploited for exponential growth in this industry in India, at this point of time.

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This report is dedicated to all these special people in my life.

1. Introduction

This report is titled ‘Identifying an appropriate strategy to overcome barriers facing hi-tech start-ups in the Indian Education Sector’.

It is imperative to understand why this title qualifies as a suitable topic of analysis for this management report. This report is in conjunction with a business plan that details setting up of a Web 2.0 streaming video website for educational purposes in India.

Therefore, it becomes mandatory to study the strategy behind start-up firms in the hi-tech industry as well as the hurdles faced by them. The goal of this management report is to create a winning strategy for the business plan to realize itself.

For this purpose, the management report focuses on identifying the bottlenecks or barriers for hi-tech start-up firms. The experience and ability of a firm is important in determining its success. (Ward, 2007) The Core Competence of a firm as well as Porter’s 5 forces of external influences is relevant in structuring a strategy for hi-tech start-ups. Differentiation in Products or Services is crucial. First Mover Advantage or Second Mover Advantage is debatable yet it does seem to have its effect on the market. (Dobson, 2004)

Another possible pitfall is the awareness and alert attitude of the Venture Capital community towards hi-tech funding given the risks involved. (Ward, 2007) This results in low or difficult funding or even less bargaining power than usual.

Also, since hi-tech firms usually rely on intellectual property rather than physical assets or machinery and in terms of crisis these assets cannot be exchanged for cash. Hence, such firms must never be financially leveraged as highly as non-hi-tech firms. This translates into substantially increased risk with increased debt funding.

With reference to Innovation Management Theory, the position of the firm in context of the current local environment as well as the governance and taxation laws applicable is also relevant in discussing the growth of hi-tech firms. (Tidd, 2009) Hence, this report takes a look at markets especially in the Indian sub-continent.

In terms of pure Operations, IT projects seem to have a high failure rate. As per the Computer Weekly 2003, as many as 9% projects were abandoned, 75% challenged and only 16% successfully completed on time. (Chris Saucer, 2003) This is another challenging aspect that requires planning and continual monitoring and measurement.

All these factors and more (which we will encounter in this report) eventually influence and contribute into the formulation of a winning strategy for a hi-tech start-up. Strategy is the key emphasis of this report.

The report delves into explaining why the Indian educational market (and why now?) is a great opportunity to invest in. The report discusses entrepreneurial experiences from other developed markets such as the US and ties it up with the specific challenges faced by hi-tech start-ups in India.

1.1. Key Research Questions

The key Research Questions that this report addresses are as follows:

- **What are the hurdles faced by technological start-up firms?**

An analysis of the key mistakes, challenges and important decisions that a start-up firm makes. Data from both India and other regions is taken into account.

- **Why, if at all, is it an apt time to enter the Indian educational market?**

Is this really the right time to enter the Indian market? Why must we explore the education field in India? What are the pain-points or bucket-holes that we can plug? Are there issues troublesome enough to generate business interest and can we address them aptly?

- **What strategy can be employed to ensure success of the start-up firm?**

The answer to this question predominantly arises from the answers to the two preceding research questions and sums up the report to deliver the final statement or crux of the report – The appropriate strategy for hi-tech start-ups in the Indian Education Sector.

1.2. Background

In recent years, the education market in India has grown at an aggressive pace, especially in the higher education sector. The government has not been able to keep up with the growth in terms of infrastructure and therefore, a huge window of opportunity is opened for private players to step in and form varsities and learning centres primarily aimed at making money, sometimes coupled with low amount of stress on the quality factor of education.

The business plan targets the building and running of a Web 2.0 website that delivers streaming recorded video lectures (and more) of an educational nature to students in India.

The management report precedes the business plan in the sense that it lays the basic ground rules and framework (strategy) for the business plan to build upon.

1.3. Report Structure

This report is broadly structured in the following manner:

- Introduction

This section introduces the reader to the report and answers basic questions such as why this report is necessitated and what purpose it serves. It explains the background for this research topic and eventually lists the main research questions that this report attempts to answer.

- Literature Review

This section contains all relevant theory related to the report and what is already known. This theory is expressed in an understandable format, forms the basis for arguments and provides the basic framework for this report to build upon.

- Methodology

This section enlists what has been done and how the research has been carried out.

- Findings and Discussions

This section details what is found and an interpretation of the results.

- Conclusion

Final words, based on findings and closing statement (in this case, the winning strategy)

The structure of the report can be referred in greater detail via the contents page.

2. Literature Review

2.1. Defining Strategy

Mintzberg (Mintzberg, 1992) chooses to define strategy across 5 various interpretations or dimensions:

- Plan

A plan can be an intended course of action or a sequence of steps that result in realization of the desired outcome.

- Ploy

Ploy is similar to plan but its intended result is targeted more towards affecting the competition.

- Pattern

A pattern consists of noticeable and recurring set of events or plans, the result of one feeding in as the input of another, thereby aiding in the realization of a series of small plans that lead to a bigger change.

- Position

A position really is the edge of a firm or 'niche'. This is an outward approach to looking at a firm.

- Perspective

A perspective on the other hand, is an inward approach to analyzing a firm. A perspective can be the mindset of the corporate leaders or the people responsible for strategy.

Mintzberg agrees that strategy can be defined across these parameters, thereby rendering a fluid-like dynamics to its interpretation. Strategy may be intended or

unintended. It may be a series of calculated steps carried out in a particular manner to realize a desired outcome or just the mindset of a firm or its group of leaders. Hence, Mintzberg's 5 Ps together, in totality are able to sum up the various forms or disguises under which strategy can be cloaked.

Porter (Porter, What is Strategy, 1998) on the other hand suggests that Positioning (suggested by Mintzberg's 5 Ps) , which was once thought to be the key aspect of Strategy, is increasingly becoming insignificant in the face of rapidly changing competition and external forces that influence business. Referring to operational efficiency, firms and businesses copy each other and before long, they are all equipped with the same product performance. A classic example is cited in Japan in the 70s and 80s where product makers used to imitate and copy each other to achieve operational effectiveness. Hence, arriving at a point where there was no clear sign of leadership to be availed when firms matched each other in terms of product parameters. At this point a realization occurred that strategy was indeed important to succeed further and that a different type of strategy was required-- one that would differentiate the market players from each other.

Porter introduced strategy as driven by differences in market structure. Porter argues that "It (strategy) means deliberately choosing a different set of activities to deliver a unique mix of value." In other words, Porter relies on adding value to product or service by differentiating it from the competition in any of the three possible ways (Cost leadership, Differentiation or Niche) and that choice and trade offs are essential in strategy. (Porter, What is Strategy, Nov-Dec 1996)

Treacy and Wiersema also present a 3 point definition to strategy:

- Operational Excellence
- Customer Intimacy
- Product Leadership

In effect, Treacy and Wiersema take a broader and wholesome approach to strategy and encompass everything from good operational techniques to knowing what your customers require and being in a continual lead over the products in the market competing against your firm. (Wiersema, Jan-Feb 1993)

Thus, we see how various authors define strategy differently. These definitions are not too far from each other. It can be said that these various authors are viewing the same spherical ball symbolic of strategy albeit from different angles in space, thereby rendering their own dimensions to the definition.

We take a wholesome approach to the entire spherical ball and allow our definition of strategy to encompass broadly all the above mentioned definitions. In the following sections, we will compare and contrast with inputs from real world examples how entrepreneurs visualize strategy.

2.2. The Importance of Strategy

Strategy ...

- Encourages entrepreneurs to assess and articulate their vision
- Ensures auditing of the organisation and it's environment
- Illuminates new possibilities
- Provides Organisational focus
- Guides the structuring of the organisation

- Acts as a guide to decision making
- Provides a starting point for the setting of objectives
- Acts as a common language for stakeholders

(Wickham, 2006)

2.3. The Entrepreneurial Strategy vs. the Planned Strategy

As per (Horn, 1998) the entrepreneurial strategy is one that is commonly found in small or start-up firms led by an individual. Strategies in such firms are usually limited to being formulated by one person who usually sits at the top of the corporate ladder. Direct orders transcend from the top and the strategy is required to be implemented with or without much understanding by the subordinates and teams.

Such a strategy differs from that of a Planned Strategy in that a Planned Strategy is usually decided upon a key group of members central to a firm and then laid out as a plan. This plan is then extensively detailed so that its implementation bears as little distortion from the intended effect as possible and this detailed plan is circulated around the firm. This may be in the form of budgets, schedules, new policies and so on.

A particular advantage that entrepreneurial strategy might have over Planned Strategy is the fact that such a strategy since it is conceived by a single person, and given the person's inclination to change and react to knowledge and information around him, is easily and rapidly modifiable. On the other hand, planned strategies take a much longer route to re-planning given the amount of people and group-consensus involved.

2.4. Essence of Entrepreneurial Strategy

As per (Osborne, 1995),

“For the determined entrepreneur, successful start-up strategies emerge from a process made up of the following, often overlapping, steps:

- Studying the environment to identify unmet marketplace needs.
- Developing a product or service to respond to needs and marketplace trends.
- Creating a marketing and financial plan to animate the selected product/service concept.”

2.5. Resource Based View of Strategy

The Resource Based View to Strategy is chosen as the key viewpoint of analysis for this research that will tie with other aspects of research throughout this report. This viewpoint is so chosen based on the fact that the accompanying business plan is based on the intangible assets of the owner’s intellect and the entire plan is built ground up based on these resources.

Also, Resource Based View is a new paradigm of strategic thinking that has grown in the 90s and renders a sense of individuality and uniqueness to firms even in the same sector or industry, thereby aiding strategic and competitive advantage as described by Porter – by means of differentiation.

As per (Horn, 1998) the theory states that each firm consists of resources and capabilities. These resources are both tangible and intangible. Thus, each firm will have its own unique strengths and weaknesses even though they may be in the same industry. Therefore, making it possible for firms to compete and strategize based on Porter’s theory of differentiating one from the other.

Grant, cited in (Horn, 1998) argues...

“There is a key distinction between resources and capabilities. Resources are inputs into the production process – They are the basic units of analysis ... But, on their own, few resources are productive. Productive activity requires the co-operation and co-ordination of teams and resources. A capability is the capacity of a team of resources to perform the same task or activity. While resources are the source of a firm’s capabilities, capabilities are the main source of its competitive advantage”

In figure (a) a pictorial depiction to the resource based view is provided.

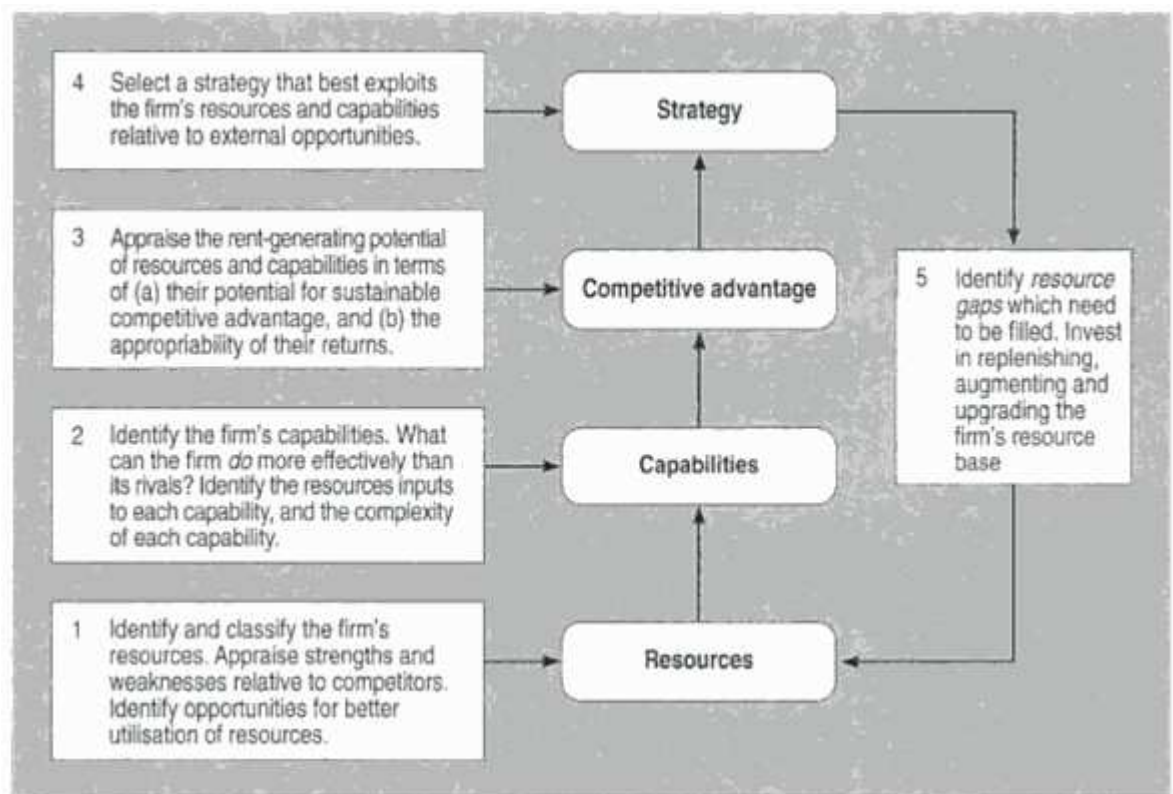


Fig (a)

Resource Based View

(Horn, 1998)

Figure (a) is a framework for Resource Based View adoption for a firm and is highly relevant in the context of formulating a strategy.

In brief, the first step outlines having to define and identify the key resources of a firm whether tangible or intangible. These resources can be computers, buildings, tools, machines or even intellect of its employees or patents and technologies.

In the next step, the firm identifies what it can achieve with its resources. E.g.: a firm that has the owner as a registered Chartered Accountant can provide financial consulting services.

In the next step, the firm needs to identify the kind of value or money this capability can bring into the firm and how unique, non-imitable and long lasting this capability can be. E.g.: the firm may identify that the owner is not only a Chartered Accountant but also carries 15 years of relevant work experience in Financial Banking Services, which is a great intangible resource, difficult to imitate and will provide increasing amount of value with time.

For the next step, an appropriate strategy must be selected to create maximum value from the underlying identified resource and capabilities. E.g.: a strategy wherein brand advertising promotes the owner as a legitimate, well versed, experienced financial consultant. This strategy will bring in more business. People will trust a financial firm where the owner himself is an experienced consultant in the same industry rather than another firm headed by a non-financial stream professional heading a team of financial consultants.

Lastly, as always, an iterative stream is implemented, the firm must go back to realizing how to better use its resource or capability, how to draw more value from

the same and how to plug any gaps in the strategy if at all. E.g.: The owner of the financial firm decides to partner services with a well known bank and increase his firm's revenue through the synergy created.

2.6. Rumelt's View on Strategy

Richard Rumelt, in his interview with McKinsey (Mendonca, August 2007) reveals that taking a good position quickly when the industry changes or responding and reacting to market stimulus is example of a good strategy and links this behaviour to Resource Based View of Strategy . Rumelt provides an example of Steve Jobs who formed Pixar and later invented the iPod. In his talk, Jobs revealed that he was waiting for the right moment of leaping through a window of opportunity and staying focused on big wins – not on maintenance activities.

Rumelt provides another interesting insight into understanding strategy and its dynamics. He used the concept of demand and supply or what he calls “value denials”. For example, an airline will not guarantee not losing your baggage. But there must be a price at which this is possible. Rumelt states that for every possible and conceivable service or product that is not being catered to, there lies a big window of opportunity.

Rumelt refers to resource based view and argues that “a good strategy, in turn, is one that is responsive to change and that builds, builds upon, and stretches the resources that yield competitive advantage.”

He emphasises that one must have good resources, difficult to replicate and usually intangible -- Things that can generate and sustain competitive advantage such as

reputation of a firm or its brand value and recognition in the market. Rumelt also suggests that firms get good at what they do by continually doing it. He cites the example of Netflix which is great at distributing DVDs but was not always so.

2.7. Dynamic Capabilities of a firm

As transcends from Rumelt's views about Resource Based View, it is important to understand that Resource Based View is an inert or inside view to an organization. Rumelt talks about seizing the window of opportunity and making quick changes. Combining this, with the outside world view wherein organizations, external competition, market and industry dynamics are fast changing in the new technological and internet era, it becomes vital for a firm to be able to change its capabilities often dynamically with the changing environment.

Dynamic Capabilities as defined by (Zahra, 2006) are 'the abilities to reconfigure a firm's resources and routines in the manner envisioned and deemed appropriate by its principal decision makers'.

Zahra argues that since managers have a bounded rationality, in the sense that they can only take decisions based on their extent of knowledge, which often is never expansive enough, one can never make the perfect decision. Add to this the increasingly dynamic nature of the external influences or the market and competition, which further renders the decision making to be apt for a point or period in time rather than forever.

Hence, managers need to keep re-visiting their decisions based on then prevalent market conditions as well as their extent or expanse of knowledge and hence Dynamic Capabilities are important. They are most valuable when the external environment is changing rapidly.

In studies of computer related firms carried out by Eizenhardt and Tabrizi in 1995 and Brown and Eisenhardt in 1997, cited in (Zahra, 2006), it was found that cross functional teams, frequent iterations and trial-and-error learning decreased development time of product. Also, extensive communication and frequent and low cost experimentation and iterations were other procedures or methods that increased output.

Following is a list of Dimensions and types of Dynamic Capabilities in new ventures found by a study by Zahra:

- Configuration and attributes of Dynamic Capability: Few, Focused, Rapidly Changing
- Trigger for use of Dynamic Capability: recent failure, opportunity in previously unexplored areas, major changes in demands from customers.
- Primary method for developing Dynamic Capability: Trial-and-error, Improvisation, Imitation.
- Capability Upgrading: Learning is based on action more than planning; a key goal is to fill major gaps in the existing capability portfolio to explore opportunities for future organic growth.

2.8. Emergent Strategy

In these rapidly changing times, external environments, global marketplace and the bounded rationality of managers and entrepreneurs, and given the fact that Dynamic Capabilities have been presented as vital tools in the arsenal of today's strategist, it is interesting to cite that not all strategies are planned or well thought of, in advance.

This is difficult, if not impossible to achieve, in the present context. However, we must pave way for emergent strategy to materialize itself.

As per (Brent Davies, 2005) emergent strategy presents itself as one that emerges via practice. As organisations react to the environment and take actions via trial and error (start-ups are more than likely to follow this path due to their lack of experience and initial fire-fighting days) success after success builds up as a portfolio. Actions resulting in failure are rejected and over time the organisation ends up with a strategy that can best be described as one that has emerged out of practice and successful actions taken in the history of the firm.

2.9. First Mover Advantage

The First Mover Advantage really is an opportunity wherein a firm introduces a new product, process, design or service into the market at a point when no competition exists. This is a strategic move and is debatable on the advantage and the extent of advantage it offers. Two examples have been cited below to illustrate the point. When the First Mover Advantage really works, it can offer a competitive edge to the introducing company in terms of better product quality, headway into designing, increased experience of production or simply better brand value and consumer relationships and client-base.

At the same time, First Mover Advantage can prove to be a costly affair since it often requires some form of Research and Development spend. In case the product or design is easily imitated by a competitor and or bettered by them by an alternate and better/cheaper design, the competitor will save on the cost of R&D that the firm spent and will be able to offer the product at a lower price in the market. In such a scenario

the firm will be in a loss making position. Firms can limit such losses to an extent by paying a lot of money and getting their design, process, service or product patented.

In 1977 Merrill Lynch came out with a Cash Management Account scheme wherein Credit Cards, Brokerage accounts etc. would be provided in a bundled service to its clients. By 1982, before the first competitors could follow suite, Merrill Lynch had profited 533,000 CMAs which amounted to \$32 billion in trade worth. Firms like Merrill Lynch are thought to have long term competitive advantages over their counterparts. (Roger Kerin, 1992)

This is not the only success story. There are many types of First Mover Advantages: Coming up with a new process, design, product...almost anything that renders the firm with an edge over its competition.

However, there are a few unsuccessful stories as well. The VHS tape commonly known in the 80s is not the format that was first developed. Sony developed the Betamax in 1975 and JVC developed the VHS a year later. However, VHS became the dominant choice for use. Some attributed reasons are short length of Betamax tapes, licensing issues between Sony and partners etc. However, Betamax was a superior standard offering as compared to VHS. (Owen, 2008)

It is difficult to pinpoint what actually led to the downfall of the Betamax. But as a case in point, it is justified to point out that at times First Mover Advantage may well be a learning opportunity for the opponent who may come up with a better product, process design shortly after and a better strategy or network to channel the sales.

2.10. Funding and Risk for Hi-Tech Firms

Firms that are built of brick and mortar business, for example a hotel, have significant tangible assets. In times of financial turbulence or bankruptcy, these assets may end up paying for the debts of the firm. Due to this advantage, venture capitalists and investors alike may be predisposed to lending money to such businesses at a lower rate, reflecting lower risk.

However, for businesses such as software firms or hi-tech organisations, where the primary assets are intangible (people) this equation does not work out right. Bailing such companies out of financial distress is not going to be easy due to the inability of their assets to buy such businesses out of financial trouble. Also, a hotel business, where some key investments required might be face-lifting of the reception area or introduction of smart keys for door access can probably wait a year without causing much damage to the business. At the same time, for a software or hi-tech firm to wait for a year to implement the latest technology or gadgets at their premises or to hire some key people with the appropriate know-how will jeopardize the future of the firm as well as the present, totally diminishing any competitive advantage or First Mover Advantage they might be enjoying at present.

Therefore, funding for hi-tech organizations needs to be looked at differently. It is advisable that hi-tech firms not be highly geared. (Myers, 2003)

2.11. Operations Management for Hi-Tech Firms

As per the Computer Weekly 2003, only 16% IT projects were successfully completed on time. (Chris Saucer, 2003)

This is a shocking revelation. However, prior experience with IT firms suggests that this is not too far from the truth and a number of causes can be attributed to this low success rate. Some of these reasons are as follows:

- Low Technological Know-How:

Technology is fast changing and evolving especially in the IT sector. Increasingly clients demand cutting edge technology where prior experience is limited or unavailable. However, firms decide to undertake such projects at a high risk as well as a high profit margin. But, such projects are not always completed on time or completed at all due to the poor technological knowledge regarding the new technology.

- High Attrition Rate

People in the IT industry are forever looking for new jobs especially in the Indian IT sector where a job change may bring in anywhere between a 30% to a 100% salary increase. When important people leave a job it is difficult to replace them as well as the context they held. The transfer of context does take place but it is a formal process and not highly affective given the difference in interest of the employee and the firm.

- Poor Management of IT Projects

Increasingly managers are being appointed who have technological experience and a fresh MBA. They may be equipped with technical skills but their managerial skills need polishing. Such managers are thrown into a pool of chaos to handle teams which are often big in size and work round the clock in shifts. Communicating with clients who are often abroad and speak a second language is difficult. In such times the stress of the work atmosphere as well as the complexity of the technical process and team dynamics leads to poor management.

- Stressful Environment

Employees at software or hi-tech firms often work round the clock to provide support or maintenance to clients abroad or to hasten the rate of progress of the project. These are stressful environments to work in and long working hours and multiple shifts only add to the pressure, both physical and mental. In such stressful situations, one often makes more mistakes than usual or is unable to think straight.

- Client Demands changing mid-way

Often clients do not know what they want or they may change their demands mid-way during the project to reflect a new addition or modification to the product. Such situations call for a re-analysis of the entire product/software along with testing and delays projects, sometimes making them technically non-feasible.

- Technical Limitations

At times a team may encounter a situation that is technically impossible to implement. These circumstance are not always forecasted and may delay or lead to abandonment of projects.

Therefore, it is imperative to comprehend beforehand the key hurdles that are faced in hi-tech firms and to be able to circumvent them or derive a solution for them.

2.12. Entrepreneurial Entry Strategies

(Wickham, 2006) Proposes the following strategies in relation to product-market domain that may be used to enter the market as illustrated in Figure (b)

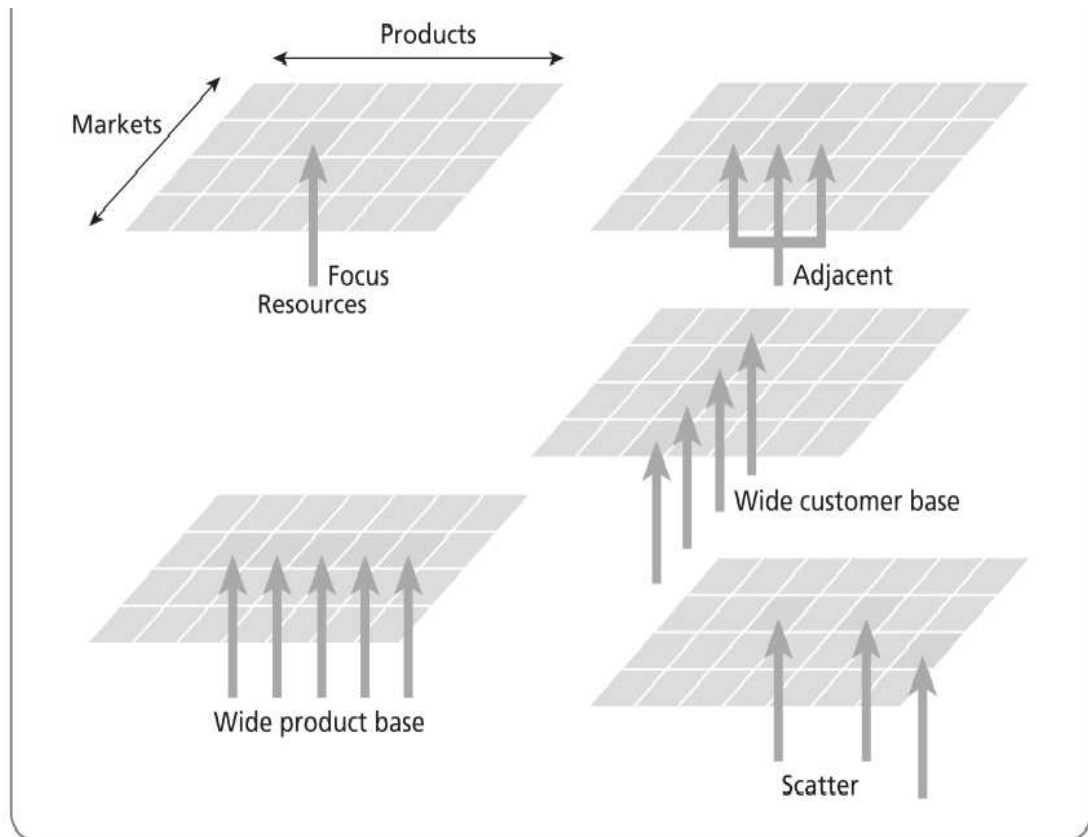


Figure (b)

Entrepreneurial Entry Strategies

(Wickham, 2006)

- Focused Entry: Addressing a single product-market domain
- Product Spread: A wide range of products for a single market
- Customer Spread: A single product for a wide range of customers
- Adjacency: A wide range of products to a wide range of customers, where the products are closely related to each other.

- Scatter: A wide range of products to a wide range of customers and none of them are related to each other.

Most online start-ups may usually want to target the Customer Spread strategy of entry into the market. The websites often offer a single service and the customer base can be across all boundaries of age, religion or geography. However, various other entry strategies as listed above are also possible.

3. Methodology

This research is carried out in a manner that balances the theoretical aspect of the research topic along with the practical approach that entrepreneurs are taking. The resultant mix is interesting to observe. It is important to know how entrepreneurs are doing things or how differently to theory are they doing things in real life. At the same time to compare and contrast their steps with that of theory will serve to bring out the underlying theoretical aspects behind theory as well as any deviations to theory, as observed in practical life.

Some research has been carried out on relevant theories that start-up firms find contextual in nature. A few of these theories have been proposed after some level of research into the practical running of start-up firms. There are many theories to strategy however the key theories as per their relevance have been cited in the Literature Review section.

The Findings section details some examples from practical lives of entrepreneurs and how they do things. Both Indian and foreign firms and entrepreneurs have been cited though the report tends to bear towards Indian entrepreneurs and their start-up firms due to the aim of the report.

These findings have also been substantiated with primary data collection of qualitative nature wherein entrepreneurs of two Indian start-up firms in the technological domain have been interviewed and their views presented alongside. (See Appendix A and Appendix B)

Lastly, the Indian education market has been studied. This is a key requirement since the business plan following this research is aimed at setting up a business in India. The location and environment of a business is another extremely important factor in deciding the strategy for a firm. Data from the Indian Educational sector has been provided in detail which clearly outlines the growth potential and parameters in this industry.

It is this interesting mix of Findings and Literature Review that will now form the basis of argument for this report in the Discussion section.

3.1. Hypothesis

- This report presumes that technological start-up firms do face hurdles.
- That strategy can (in part or in whole) determine success of a start-up firm.
- That strategy can remove the hurdles faced by start-up firms in technological sector.
- That information available for research and primary data is reliable and not filtered or biased.

4. Findings and Discussion

4.1. Hurdles and practical experiences of technological start-up firms

As per a recent study by (David H. Bangs, 2002) following are the top reasons why start-up firms fail, in Figure (c):



Figure (c)

Small Business Failures

(David H. Bangs, 2002)

Also, Terry Collison, cited in (Kotelnikov) states that the top 3 reasons why companies fail is due to Inadequate Planning of the Business.

Following is a series of start-up firms in the technological sector wherein the entrepreneurs have shared their experiences of the problems faced in the early days:

4.1.1. Experiences of entrepreneurs at buysellads

Todd Garland owns buysellads.com – a new online start-up firm catering to a niche segment of monitoring online ads that has started to show some promises. His biggest hurdle has been a mental one – Todd feels that some days he would think of abandoning his idea and on other days it would seem the nicest thing since sliced bread to him. Another problem he faced was the estimation of the number of people that would sign up for his services (which clearly went wrong). Todd has already been in the online and website industry for years before starting up his own venture, thereby smoothening out most of the problems that might creep up when starting a business with no prior relevant experience. Todd has also come up with a new version of the website with improvements. (Netsetter)

4.1.2. Experiences of entrepreneurs at bolohealth

Simanta Sharma of bolohealth.com shares his success story of the start-up online website offering free medical advice, catering especially to Indian customers. He hails from a family of doctors and is himself trained as a medical professional. Having worked 12 years in the medical industry it dawned upon him that India lacked a website offering medical advice to its people, something similar to www.webmd.com. He found India's first health and awareness website—bolohealth.com. The key problems he recognises are getting the right people for the job, arranging funds and convincing people that

the idea will work since it was an idea never introduced before in the Indian market. (rediff.com, 2009)

4.1.3. Experiences of entrepreneurs at cafegadgets

Sachin Singhal, Co-founder and Business Manager at Cafegadgets – an online shopping store for electronics in India has the following to share with us:

Cafegadgets targets people in the 18-35 yrs category. Since, there was no other competitor offering this service in India, Cafegadgets decided to be the forerunner in this field. Sachin argues “Weak pc penetration, Low broadband usage, reluctant credit card users and high cost of acquisition are the major gray areas in Indian e-commerce space. But on the contrary, in 2008, there were 55 million internet users in India with year on year growth of 30%. At this rate it will breach 100 million barriers in next two years.”

When quizzed over promoting innovation at Cafegadgets Sachin replied that the only thing constant was change and that the e-commerce industry is dynamic in nature.

Also, as means of distinguishing their service, they provide 100% theft and accident assurance on sold products.

Sachin illustrates the difference between the US and the Indian market arguing that the US market is highly saturated and competitive whereas in India there are still lots of opportunities and open ground to explore. Hence, companies

can be the first to launch an idea in India. (Singh, I can has startup? India startup scene, 2009)

4.1.4. Experiences of entrepreneurs at Eko

Mughda Bhargava, Director of Communications at Eko – a new Indian venture that extends banking facilities in remote areas using existing branch networks and new technology by tying up with a telecom provider and outsourcing has the following to share:

Started in mid 2007 by 4 entrepreneurs with a high level of experience behind them, Eko aims at providing banking facilities to the lowest common denominator of social strata. Some of the challenges they face whilst working in the Indian environment are highlighted as below:

Regulatory Risk: Problems with government rules and regulations.

Making elephants dance: A small company trying to convince big players in the market is a difficult game.

Trust: Difficulty in building trust with the market segment since the service is that of a financial nature.

(Singh, I can has startup? India startup scene, 2008)

Two interviews have been performed as means of primary data collection in qualitative mode and their results , along with the results of all the interviews described above have been highlighted in Table(i) below. The personal interviews can be accessed in detail in Appendix A and Appendix B.

4.2. The Indian education market scenario

4.2.1. Background and Context

Before delving into the education scenario, on a more social context, it is important to define that education in India is perceived akin to the amount of respect one would gain and relates education with the quality of social life that people will enjoy. Predominantly, Indians live in joint families or with their parents. The parents as well, take it as their onus to educate their children and pay for the child's education right through the higher degree. The concept of borrowing from a bank is a secondary choice, when in case the parents are unable to afford the child's education. Such kindly donation on the parent's part usually does not need to be returned by the children. However, the children are expected to take care of their parents in their old age and live with them. Given this social background, another important aspect of higher education in India is that usually there is enough funding available for students who wish to study since parents start saving for this education at an early age.

4.2.2. Present Day Scenario

The Indian education 'market' – (education being referred to as a market due to the sheer involvement of private players for the money involved) is growing at a tremendous rate. It is an example of Demand and Supply dynamics of Economics. India today, has the world's highest number of IT professionals, even greater than the Silicon Valley. This crop of educated young workforce is being produced in Indian colleges and Universities. India produces 40,000 engineers a year as compared to 60,000 in the US. The perception that higher

education is akin to private consumption is gaining acceptance over time, even at the WTO Secretariat. Online Education is already being well accepted in the form of Universitas 21 Global, where 16 of the world's better ranking universities have laid out an MBA programme in partnership with Thomson group for \$50 million. (Kaul, 2006)

Online learning is fast gaining acceptance in the West and there lies a huge potential for its exploitation on Indian soil. India is a vast country and ensuring good teachers are available at all the established universities in India is an optimistic demand especially when there is a huge population to be accepted into colleges and not enough seats or Universities to accommodate them. In such a scenario, online learning will prove to be a boon. Expert teachers can deliver their lectures and these can be streamed directly to the PCs or virtual classrooms or dorm rooms of students. They will also have the added advantage of studying at a time suitable to them due to the format of the recorded media. Lectures and study material, once the classroom contact coaching is over, will not disappear, instead it will stay in a recorded format and can be used over and over again and even shared amongst peers.

The possibilities for private players to enter the market is huge given the many pending improvements of the Indian educational system as well as its heavy burden on the government, which is trying hard to keep up with the pace of growth. Technological firms and MNCs are demanding professionals with the right skills faster than our equipped colleges can deliver. This, in turn is hampering the growth of India Inc.

“Starting with 1950-51, there were only 263,000 students in all disciplines in 750 colleges affiliated to 30 universities. This has grown by 2005 to 11 million students in 17,000 Degree

Colleges affiliated to 230 universities and non-affiliated university-level institutions. In addition, there are about 10 million students in over 6500 in vocational institutions. The enrolment is growing at the rate of 5.1 per cent per year.

In India both public and private institutions operate simultaneously. In 2000-01, of the 13,072 higher education institutions, 42 per cent were privately owned and run catering to 37 per cent of students enrolled into Higher education, that is, approximately 3.1 million out of total 8.4 million. It is felt that as of now more than 50 per cent of the higher education in India is imparted through private institutions, mostly unaided.” (Kaul, 2006)

At the “Road to Reforms: Rethinking the Curriculum” educational seminar held in Delhi recently, several key spokesmen commented on the present as well as the future educational scenario in India:

- Amitabh Jhingan from Ernst and Young commented that the Higher Education system in India should incorporate teaching soft skills.
- Most educationists agreed that shortage of trained faculty was a reality.
- Hari Gautam, Vice Chancellor of Banaras Hindu University and former Chairman of UGC said that the education system requires evaluating teachers.

- The seminar stressed that India needs to revamp the educational system and take it digital.

As per The Global Education Digest, 2009 cited in (The Times of India, 2009) the Indian government spends 10.7% of its monetary resources on Education out of which 19% is spent on Higher Education alone.

The Prime Minister, Mr. Manmohan Singh has declared the next 5 year plan as the education plan of India. This highlights the due importance of and the pedestal at which education is being placed in India for the next 5 years. The government is also trying to improve the quality of education for minority communities with an aid of Rs 325 Cr. and has proposed the creation of 30 new Universities. Clearly, this is a sign of massive growth. (The Times of India, 2009)

Thus it can be inferred that Education is in the spotlight as far as the Indian government is concerned and massive amounts of money and effort are being injected into the educational system of the country to revamp, grow and prepare it to handle the influx of students and the dire demand for professionals within the country. Hence, this sector is undergoing a lot of changes, some very good windows of opportunity are open and will also open in the near future in such a dynamically changing industry and one must be alert to be ready to take advantage of such a market.

4.3. Discussion of Literature Review

From the research on Literature Review, a good number of theories have been illustrated and it is interesting to note how one theory leads to another and at times they complement and support the other's viewpoint.

Mintzberg, Potter and Tracy & Wiersema all describe strategy in their distinctive way. As mentioned earlier, this can be thought of looking at the same spherical globe from various viewpoints. When combined together, they form a more wholesome view.

While positioning (one of the key definitions of strategy as per Mintzberg) was thought to be a major contributor to strategy of a firm, Porter argues against Positioning using the example from Japan and how operational performance had been copied by independent players in the same industry in Japan. Porter ,explaining strategy, then put forward his theory of individuality or differentiation. Interestingly, Treacy and Wiersema also outline Operational excellence as one of the components of a fine strategy.

Treacy and Wiersema talk about Product Leadership as another characteristic of strategy. Interestingly, Porter's definition of strategy also includes this component under the guise of differentiation. Customer intimacy from Treacy and Wiersema too can be thought of being a form of differentiation.

And all in all, these characteristics are eventually a plan or a ploy to compete against the market and hence, Mintzberg's view stands valid as well.

Also, Osborne is very close in definition to Rumelt by accepting the need to identify unmet marketplace needs. Something that Rumelt calls as 'value denial'. However, Osborne goes a step further to illustrate the next steps once such a need is identified.

Since this article discusses start-up or entrepreneurial strategy it is interesting to note that entrepreneurial strategy is different from a planned strategy as per (Horn, 1998). It then leads us into understanding the modern take on strategy in the form of Resource Based View, Dynamic Capability and Emergent Strategy.

Traditionally strategy was a plan and had an external point of view attached to it. More often than not, firm strategies were fixtures written in permanent ink that almost never changed. Modern day strategic thinking is quite different in nature, in that it's more responsive to its internal and external view and dynamic in nature, fast adapting to market stimuli.

Resource based view introduced by (Horn, 1998) is also supported by Rumelt. An example of the iPod taking over the industry has been cited to be the result of a Resource Based Strategy as per Rumelt cited in (Mendonca, August 2007). This view is internal in nature and looks deep inside what the organisation has to offer. Then, based on the key resources of the firm, capabilities are built around it.

The industrial environment is increasingly introduced as being fast changing and dynamic in nature. Therefore a need arises to quickly adapt to these changes. This is further equated in the form of the theory of Dynamic Capability by (Zahra, 2006). While Resource Based View focused on a firm's core abilities and resources to outline a strategy and took an internal look on a firm, the theory of dynamic capability really is an external take on a firm's environment. Since all businesses thrive within

the environment with which they react and exchange frequently, the theory of dynamic capability becomes quintessential to adopt.

By reacting to one's environment, implementing dynamic capabilities and fast, the resultant strategy which arises is an emergent strategy—one that really is focused on fighting the fire today and surviving it. It is a strategy that emerges via practice as per (Brent Davies, 2005) such a strategy is the opposite end of the spectrum from the planned strategy.

Another strategy that is often used by entrepreneurial firms is that of the First Mover Advantage and this strategy works best when combined with the Resource Based View to a firm. If a firm is able to recognize the resources it is good with and then uses it to introduce a product, service or process in the market and be the first, it will result in a good strategy.

The various strategies for entry of a start-up firm are also proposed by (Wickham, 2006) and predominantly online website ventures will choose the customer spread approach by marketing a single product/service across a whole range of consumers.

Funding for hi-tech start-ups as well as their operational management can be a problem and this is duly highlighted in the literature and will form a part of the final strategy in the conclusion of this report.

Thereby, it is found that the theories chosen for the literature review section are intertwined with each other forming a good basis for analysing what start-up firms really do in practice and how different or similar it is to theory.

These theories relate to one another and by complimenting each other, they reinforce their viability. We have also observed above how theory of strategy has shifted from

its traditional paradigm to its new dynamic form keeping in line with the current market environment. Hence, theory is not totally isolated from practice and does keep updating itself with the changing times.

4.4. Comparison of Theory and Practice and Discussion

In the following table , Table(i), we observe what entrepreneurs are doing in practice and how well it fits into the theories formulized above:

	Mr. Garlands (Owner, Buyandsell .com) (Netsetter)	Mr. Sharma (MD and CEO, bolohealth. com) (rediff.com , 2009)	Mr. Singhal (Co-founder and Business Manager, cafegadgets .com) (Singh, I can has startup? India startup scene, 2009)	Ms. Bhargava (Director of Communications, Eko) (Singh, I can has startup? India startup scene, 2008)	Mr. Phukan (Co-founder of www.sapple.co.in) (See Appendix A)	Mr. George (CEO, www.radiobharat.com) (See Appendix B)
Mintzberg's definition of Strategy (Mintzberg, 1992)	Can be classified as a 'plan'	N/A	N/A	Can be classified as a 'plan'	Can be classified as a 'plan'	Can be classified as a plan and part position

Porter's definition of Strategy (Porter, 1996)	Differentiation	Differentiation	Differentiation	Differentiation	Differentiation	Differentiation
Treacy and Wiersema's definition of Strategy (Wiersema, 1993)	N/A	N/A	Adheres (Product Leadership)	Does not Adhere (Requires Customer Intimacy)	Adheres (product leadership and customer intimacy)	Adheres (product leadership and customer intimacy)
Entrepreneurial vs. Planned Strategy (Horn, 1998)	Entrepreneurial	Entrepreneurial	Planned (Implied)	Planned (Implied)	Entrepreneurial	Entrepreneurial
Entrepreneurial Strategy (Osborne, 1995)	Partly Adheres	Adheres	Adheres	N/A	Does not adhere	Adheres
Resource Based View (Horn, 1998)	Adheres (Experience and manpower as resource)	Adheres (Experience and manpower as resource)	N/A	Adheres (Experience and manpower as resource)	Adheres (Experience and manpower as resource)	Adheres (Experience and infrastructure)
Rumelt's View on Strategy (Mendonc	Adheres	N/A	Adheres	N/A	Adheres	Adheres

a, August 2007)						
Dynamic Capabilities (Zahra, 2006)	N/A	N/A	Adheres	Adheres (Implied)	Adheres	Adheres
Emergent Strategy (Brent Davies, 2005)	N/A	N/A	Adheres (Implied)	N/A	Does not Adhere	Does not Adhere
First Mover Advantage (Owen, 2008)	Does not adhere	Adheres	Does not adhere	Adheres	Does not adhere	Does not adhere
Financial Funding for Hi-techs (Myers, 2003)	Adheres (Self funded)	N/A	N/A	Adheres (Self funded)	Adheres (Self funded)	Adheres (Self funded)
Operations Management (Chris Saucer, 2003)	N/A	N/A	N/A	N/A	Adheres (Project management is problematic)	Adheres (People management and client requirements problematic)
Entrepreneurial Entry Strategy (Wickham, 2006)	Adheres (Product Spread and Adjacency)	Adheres (Customer Spread)	Adheres (Focused Entry)	Adheres (Product Spread)	Adheres (Customer Spread)	Adheres (Focused Entry)

Table (i)

Analysis of Theoretical Framework in Practical Context

We see some interesting facts emerge from Table(i) as we contrast and compare the theories studied earlier in this research report along with the practical aspect and approach that these technological start-up firms have been adopting.

- As per Mintzberg's definition of strategy most firms that are studied can be classified as adhering to a 'plan' of some sort.
- Interestingly, all the firms are playing on the differentiation category of strategy defined by Porter. Almost each and every firm believes they have something different to offer to the world and this is their means of justifying why they exist in the marketplace or why they see their idea as a hot-seller.
- Treacy and Wiersema's definition of Strategy has been adopted by some firms. While 2 firms out of our test sample reported adhering to Product Leadership and Customer Intimacy as a means of strategising their approach towards the start-up and taking it forward, a third firm adhered to this definition only by means of attaining Product Leadership. Yet another firm (Eko) does not adhere to Treacy and Wiersema's definition of strategy. However, it has been stated that 'Eko' is having problems trying to convince people and getting them to buy its financial services. This can wonderfully be tied up to Treacy and Wiersema's definition wherein they also state Customer Intimacy as a key component of strategy. Hence, if Eko were to follow steps to

increase customer intimacy, perhaps the consumer segment will be more appreciative and willing to try Eko's offerings. This, as a case in point, stands to prove in favour of the theory postulated by Treacy and Wiersema.

- Most firms followed the Entrepreneurial form of strategy by being the independent decision makers and having the decision travel down the hierarchy. Two firms in our sample implied that they adhered to planned strategy instead of Entrepreneurial. This is chiefly due to the reason that these firms have multiple partners as co-founders and no single entrepreneur is able to take decisions on strategy independently.
- Entrepreneurial strategy, as defined by Osborne, has been adhered to by three firms, partly adhered to by another firm and not adhered to by yet another. This is a mixed bag of responses and no conclusion can be drawn based on this result where there is no majority. This might suggest that whether the market is studied to develop the product, or whether the product is already envisioned or is a copied derivative of another successful offering in the market, the idea is conceived to be successful by the entrepreneurs if they envision its success.
- The Resource Based View is popular amongst entrepreneurs and has been greatly patronised by almost all start-up firms. It is very encouraging to know that almost each and every firm digs deep within its pockets for key resources and then travels down the road already well tread with past experience, know-how, skills and knowledge.

- A majority of firms also established adherence to Rumelt's view on strategy thereby acknowledging that responding quickly to markets when they change can be the key to a successful strategy.
- Dynamic Capability has been adopted by 3 firms out of the sample, and implied by yet another firm. This clearly indicates that in these constantly changing external market environments and influences, it is quintessential for businesses to respond to market needs and build their capabilities and shape their resources likewise. This is also an extension of Resource Based View and similar to Rumelt's views.
- Only one firm out of the six firms implied that its strategy was an emergent strategy. Most firms already had a plan or position that they exploited to their advantage or followed. Hence, the theory of emergent strategy, though convincing in theoretical aspects is missing from entrepreneur's arsenal.
- Most firms did not favour the First Mover Advantage; on the other hand, they were offering something already available in the market, with a bit of a twist to their offering. First Mover Advantage can also be difficult for a start-up technological firm to achieve given that such firms need to have gone into a lot of research and development which often requires extensive amounts of money, which such start-ups are unable to produce. On the other hand, there have been start-up companies in the past such as Apple and Microsoft which clearly had the First Mover Advantage when it came to PC hardware or Software. This may be an indication of a trend to differentiate and sell services rather than to go all out and come up with a service or product that has

never provided before. It can also translate into the possibility that unless major R&D is spent (usually by a huge organisation) start-up companies today are unable to come up with groundbreaking products that are the first in their field due to the sheer amount of products and services already available in the consumerism society. A few decades ago most households had limited appliances and means of entertainment were more social than digital or electronic. Today, almost everyone possesses a plethora of gadgets for entertainment and social status purposes. iPods, digital cameras, laptops, smart phones, gaming consoles etc. have seen an explosive growth in recent years and start-ups are now increasingly looking at offering differentiated services rather than treading down a totally new path

- Financial funding for hi-tech organisations has been discussed by Myers as being difficult to achieve and he also suggests that hi-tech organisations must not be highly geared. In practice, it is found that almost all the firms have been self funded, thereby supporting the theory that it is difficult for hi-tech start-ups to receive funding.
- Operational Management is an issue which very few hi-tech organisations have brought to the forefront. Only two of the six firms have agreed to having operational and management problems in organisations. One plausible cause may be that organisations are afraid to disclose the issue of operational management inefficiency, especially start-up firms due to the fact that they know they are always looking for additional funding for their businesses and such a comment about their operational management will make investors think twice

about investing in a firm that talks about hi-class technology yet misses out on basic management concepts.

- Entry strategies proposed by Wickham have seen a wide adoption. Every firm has thought up of a segment to target. These segments are well distributed as per Wickham's theory and a total adherence to theory is observed.

Therefore, while most theories have been adhered to in real life as well, some theories such as the First Mover Advantage or the theory of Operational Management being a problem in hi-tech firms are either missing in practice, hidden or simply go unrecognized by entrepreneurs as they silently weave themselves into the fabric of strategy of the firm.

4.5. Postulating a Winning Strategy

An optimum strategy for a hi-tech start-up firm in the Indian Educational sector, based on research in this paper as well as learning from practical approach of entrepreneurs in the hi-tech start-ups needs to be postulated based on the following gathering:

- That strategy must be present.
- The strategy may be in the form of a plan. It should be based on differentiation from competitors and may incorporate all or any of the following: Product Leadership, Customer Intimacy and Operational Excellence.
- The entrepreneurial firm may have an entrepreneurial or planned strategy, as suits best although theory states that entrepreneurial strategy works better.

- The organisation must have a Resource Based View towards its strategy and must highlight and identify its key resources and capabilities beforehand.
- The organisation should look at grabbing opportunities in the market whenever the market changes in that small window of time. Such opportunities are often very profitable. It may also look at catering to the value denial segment.
- The organisation must be open to external changes and market stimulus, and therefore adopting dynamic capabilities is essential.
- Since the organisation is formulating a plan and as already discussed, the key reason why companies fails is due to lack of planning, it should probably avoid emergent strategy—However, still respond to market stimuli and environmental changes.
- The organisation may not particularly look at being a First Mover in its field.
- The organisation must be willing and able to support itself through personal funds of the entrepreneurs in the initial phase.
- The organisation should be wary of and able to predict, control and/or eliminate management related problems.
- The organisation must have an entry strategy thereby predicting the range of customers it tends to target as well as the range of products it stands to offer.
- Due diligence to be observed to avoid Managerial incompetence, unbalanced expertise, Inexperience in management and inadequate planning of Business.

The winning strategy for our business will be based on theory described in this report as well as practical experiences of entrepreneurs (also described). The problems faced by these entrepreneurs have already been listed and the winning strategy shall take into account the nature of the business and the problems likely to be faced by such a business.

5. Conclusion

5.1. The Winning Strategy for a hi-tech start-up firm in the Indian Education Sector

This report examines a number of theories related to entrepreneurial tech start-ups and practical experiences of real life entrepreneurs in the hi-tech industry have been plotted against the theoretical framework. It is found that these practical experiences are mostly in-line with what the theories of strategy state with minimal or no aberrance.

The winning strategy is based on views supported by Rumelt and it gathers from the Resource Based View to a firm and the ability to foster Dynamic Capabilities. Strategy is episodic rather than continual in any organisation and that key market changes or shifts should be leveraged and actions taken swiftly in such moments.

The strategy:

- To enter into the Indian Higher Education market very swiftly to take advantage of the current situation.
- To differentiate the organisation from competition by offering online services instead of contact room coaching. This will also reach a higher student base at a much lower cost and a much faster rate than competition.
- The organisation must follow entrepreneurial strategy to enable swift decision making and minimal management chaos.

- The organisation must take a resource based view, identifying its resources such as intellect and infrastructure and use them to its advantage.
- The organisation must continually study market trends, facts, figures and competition to dynamically shape its capabilities to enable it to compete with competition, followers and imitators.
- The organisation should try a Customer Spread approach to entry at first. This is easy since only one product or service needs to be launched and reaching out to a broad range of consumers is automatically done via the internet.
- The organisation must support itself through personal funds in the beginning. Seeking funding at this stage will not help.
- The Organisation must offer Customer Intimacy and Product Leadership. By staying close to the consumer and having the right quality product, the competition will be further thwarted since higher education aids will only be used by students when the quality offered and the content delivered is both in line with their curriculum as well as a notch superior to their regular college study material. This can only be achieved by staying closer to the consumer and having product leadership in quality.
- The management team should be well chosen, with adequate experience of management, wise distribution of expertise and skill set and the planning should be adequate at all times.

5.2. Hurdles faced by Technological Start-ups

The hurdles faced by technological firms have been highlighted in this research report through means of primary data as well as published interviews with Indian entrepreneurs in the hi-tech industry. The challenges are inconclusive as they differ depending on the field in which the entrepreneur is setting up his business as well as his particular insinuating circumstances at that point of time. Each industry has its own set of challenges, be it manpower, finances or management. However, a study by (David H. Bangs, 2002) and Terry Collins cited in (Kotelnikov) state that the top reasons why start-ups fail are:

Managerial incompetence, unbalanced expertise, Inexperience in management and inadequate planning of Business.

5.3. Lucrative Indian Education Sector

The Indian Education market has reached a point in time where it is poised to take off. The growth ahead looks phenomenal given the high demand for industry professionals. It is especially true of the Higher education segment. With about 50% of all players in the higher education market being private and the industry estimated a multi-billion business in the future, it is a promising venture to invest in at present when there is room for improvement, growth and establishment of brand name and associated value.

To conclude, this report has analysed the key theories behind strategy of hi-tech start-ups and pitched the practical aspect of such businesses into the framework to analyse and contrast. The results mostly adhere to what theory of strategy has to state.

The Indian education market is also studied and found to be lucrative to invest in and eventually a winning strategy to enter the education market in India has been derived based on theory, practical examples from entrepreneurs as well as some general input from the education market.

6. Appendix A (Interview with entrepreneurs at sapple.co.in)

Excerpts from an interview with Mr. Parag Phukan, Co-founder at www.sapple.co.in – A software firm based in India.

Q: Was your decision to come up with the start-up planned or ad-hoc?

A: “No, we have a plan and we are going according to our plan”

Q: If you are different from your competition, how exactly is it so?

A: “We are established in India but now also abroad in Australia, UK and US. We have a core set of values that our people abide by. This results in a culture at the workplace where customer is treated as king and we go out of our way to help the customer reach a solution”

Q: Do you subscribe to Customer Intimacy, Product Leadership or Operational excellence as one of the key inputs to your strategy?

A: “We are close to our customers and maintain a cordial relationship with them at all times. Their needs are studied very elaborately before we even hit design phase. We then develop software that is customized to a great detail for our client and we keep fine tuning it whenever the need arises”

Q: Are your strategy decisions made by the entrepreneur and then travel down the management hierarchy or are your decisions taken via vote and consensus?

A: “We make our own decisions and let the staff know about it through email”

Q: Have you had a market study, product development and then a marketing or financial plan laid out before starting up?

A: “We do business differently. We have already had a target group of clients abroad and we started this business to cater to their needs better. In that sense, there was no real market

study but after coming into the business other aspects such as pricing etc. were sometimes looked up”

Q: Did the resources you had at the time of start-up make a key impact on your decision to what business you will cater to?

A: “People are our key resources. We do not call them manpower here. In fact, I along with my co-founders have extensive knowledge and experience of the business and this is a strong reason why we are in this field”

Q: Do you agree that you have or will take advantage of market shifts quickly to try and gain lead over competitors?

A: “Yes, but we will also strive to take over competition by being close to our clients and offering them good software at a good price”

Q: Would you say that your capabilities change with respect to the external environment (market and competitors) or do they remain static?

A: “The market today is very volatile and we have to shift our entire perspective even goals to accommodate the market. If the market demands a new technology we equip ourselves fast and offer to do the same job to retain our valuable clients”

Q: Is your strategy planned or an outcome of whatever is thrown your way via means of challenges and daily business?

A: “We have already planned our strategy”

Q: Do you think you have subscribed to being a First Mover in your field?

A: “I cannot say we are first in the field, but we are definitely different”

Q: Are you self funded? If yes, is your choice an outcome of difficulty in securing a loan or investment from a third party?

A: “Yes we are self funded. Difficulty of obtaining an investment is part of the reason. Another reason is the fact that we do not want a third party to have part control of our company. We feel it just belongs to us and that way we can take it where we want to”

Q: Have you had issues managing your firm?

A: “Some management issues pop up at times, big and small, but we carry enough experience to deal with them”

Q: What kind of a market entry strategy have you adopted? Is there a target audience or a target group of products/services you will sell?

A: “We offer our service to almost any client in the world. Our software services are not limited. We have worked on various technologies in the field of website design”

Q: Are there any problems or challenges during the start-up that you wish to highlight?

A: “We have been hard hit by the recession and that is causing some pain. Most of our customers are based in US”

7. Appendix B (Interview with entrepreneurs at radiobharat.com)

Excerpts from an interview with Mr. Malcolm George, CEO www.radiobharat.com – an online radio streaming website (under construction)

Q: Was your decision to come up with the start-up planned or ad-hoc?

A: “You cannot say that my decision has been ad-hoc. In fact, I have been planning this for a long time now and can see it beginning to materialize. I have been lucky to have worked for a long time with a leading radio service provider to polish my skills of trade and have made numerous contacts in the Industry”

Q: If you are different from your competition, how exactly is it so?

A: “radiobharat isn’t your everyday radio channel streaming through the web. It’s got certain panache to it. It’s the voice of the youth of India. Youth that is smart, aware and updated with the latest in news and technology. This radio channel will serve to be a medium of communication for the youth of India unlike other radio channels on air or the web that primarily subscribe to airing music.

Q: Do you subscribe to Customer Intimacy, Product Leadership or Operational excellence as one of the key inputs to your strategy?

A: “If I were to choose , I’d say Product and customer intimacy would be it. This is especially true in my context because radiobharat is going to be very close to its customers, knowing what they want and shaping itself accordingly. At the same time, without a good offering on air, no one would be interested to tune into the channel and hence, the product has to be equally interesting.”

Q: Are your strategy decisions made by the entrepreneur and then travel down the management hierarchy or are your decisions taken via vote and consensus?

A: “All my decisions are taken by myself. I may at times consult other people in the media industry, though”

Q: Have you had a market study, product development and then a marketing or financial plan laid out before starting up?

A: “Totally so, I’ve studied the media industry and been in close touch with the music world as well as the youth via frequent campus visits and campus offerings in my previous job role. This has led me to come up with my idea with the right mix”

Q: Did the resources you had at the time of start-up make a key impact on your decision to what business you will cater to?

A: “I have been lucky that I have access to a studio and required hardware for radio and audio editing. Apart from that my keen interest in music and my career in audio media is the primary and most important aspect that I bring into this business”

Q: Do you agree that you have or will take advantage of market shifts quickly to try and gain lead over competitors?

A: “Agreed, some of the strongest moves I’ve seen by radio channels have been positioned that way”

Q: Would you say that your capabilities change with respect to the external environment (market and competitors) or do they remain static?

A: “The public or the youth is what I am catering to and the other players in the market are my competition. I cannot turn a blind eye towards anyone. I will offer what is popular and frequently assess the popularity of my channel using web statistics”

Q: Is your strategy planned or an outcome of whatever is thrown your way via means of challenges and daily business?

A: “ There is nothing ad-hoc about my business. Agreed that some businesses, no matter how well planned can fail, and others started ad-hoc can make it quite big at times. But my idea, like I said before, is planned”

Q: Do you think you have subscribed to being a First Mover in your field?

A: “I wouldn’t call it that. Radio has been around for ages. Even internet radio, I’m just bringing in a new flavour of ice cream into the market”

Q: Are you self funded? If yes, is your choice an outcome of difficulty in securing a loan or investment from a third party?

A: “At the moment I’m self funded. I am expecting some real big investments though”

Q: Have you had issues managing your firm?

A: “Some clients can be tricky. Buying radio shows from people or services such as SMS gateways and then maintaining these relations is just an overhead and takes me away from the core business of offering a good radio channel to the youth of today. However, I’ve had few issues managing my core service since there are not too many people at present. I’d like to keep the numbers down. In my previous job role I came to realize that too many cooks spoil the broth”

Q:What kind of a market entry strategy have you adopted? Is there a target audience or a target group of products/services you will sell?

A: “I’m targeting a particular group of people in their teens. 18-21 years of age and radiobharat will offer them some real good classic rock music along with some updated news and other shows that offer inter-communication possibilities between clients.”

Q: Are there any problems or challenges during the start-up that you wish to highlight?

A: “I am successful yet young. This can be daunting since many a times I’m not taken as

seriously as my ideas mean. I wish people around me were more willing to accept that intelligence does not come with age”

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